

Message Text

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DRAFTED BY EB-TOENDERS:MH

APPROVED BY EB:TOENDERS

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S/S-O: P. SHANKLE

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 119473 TOSEC 010195

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E.O. 11652: GDS

TAGS: ENRG

SUBJECT: ENERGY DECISIONS
FOR SECRETARY FROM ENDERS

1. MEETING WITH THE PRESIDENT WENT QUITE WELL. PRESIDENT
BLOCKED OUT A DECISION TO ANNOUNCE NOW THE SECOND IMPORT
FEE DOLLAR. HE WOULD DELAY PUTTING UP OIL DECONTROL UNTIL
MID-JUNE OR EVEN SOMEWHAT LATER. REASONING AS EMERGED
FROM DECISION IS THAT IMPORT FEE CAN BE HELD WITH ONE-
THIRD OF ONE HOUSE, WHILE DECONTROL NEEDS ONE-HALF OF
BOTH HOUSES; REAL LEVERAGE ON DECONTROL (AS OPPOSED
IMPORT FEE) IS THAT AUTHORITY EXPIRES AUGUST 31; AS THAT
DATE APPROACHES PRESIDENT'S CHANCES OF STRIKING A
SATISFACTORY BARGAIN WILL INCREASE; FINALLY, THAT IT IS
BETTER BOTH INTERNATIONALLY AND DOMESTICALLY TO WIN,
USING THE VICTORY TO ESTABLISH A BASE FROM WHICH TO TAKE
THE NEXT BITE.

2. PRESIDENT RESERVES FINAL DECISION UNTIL TOMORROW OR
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THE NEXT DAY, IN ORDER TO GET A READING ON WHETHER THE

IMPORT FEE WOULD JEOPARDIZE SUSTAINING HIS VETO OF THE STRIP MINING BILL.

3. ASSUMING THE PRESIDENT DOES DECIDE TO IMPOSE THE IMPORT FEE, HE WOULD MAKE THE ANNOUNCEMENT MONDAY OR TUESDAY (HE WOULD NOT GET A GOOD AUDIENCE OVER THIS HOLIDAY WEEKEND). THERE IS ENOUGH PLAY TO STRUCTURE HIS DECISION BEFORE OR SIMULTANEOUSLY WITH YOUR INTERVENTION IN THE IEA.

4. WITH THE TWO DOLLAR IMPORT FEES, WE CAN ALREADY SHOW A SUBSTANTIAL PORTION OF THE TARGET 1977 SAVINGS. WE CAN MAKE A CASE THAT HALF OF OUR TWO MILLION BARREL A DAY TARGET WILL BE ACHIEVED. THIS IS ENOUGH TO MAKE AN IMPRESSION IN PARIS.

5. SAW VICE PRESIDENT IMMEDIATELY AFTER ON NUCLEAR ENRICHMENT. HE UNDERSTANDS THE ARGUMENTS AND UNDER TOOK TO MAKE SURE THE PRESIDENT GETS THE PAPRRS TOMORROW. HE WILL MAKE THE CASE WITH THE PRESIDENT WHEN HE SEES HIM TOMORROW.

6. VICE PRESIDENT WILL DEVOTE MOST OF HIS DISCUSSION TOMORROW TO HIS PROPOSAL FOR A DOMESTIC ENERGY FINANCING CORPORATION. HE HAS A DRAFT SPEECH FOR THE PRESIDENT WHICH HE WILL TRY TO GET HIM TO MAKE BEFORE LEAVING FOR EUROPE. CHANCES OF THAT ARE FAIRLY LOW, BUT THERE IS NO QUESTION THAT THE VICE PRESIDENT'S PLAN, IF ACCEPTED, WOULD HAVE A VERY POSITIVE EFFECT ON OUR WHOLE INTERNATIONAL ENERGY EFFORT.

7. DURING THE PRESIDENT'S MEETING, SIMON AND BURNS MADE ARGUMENT THAT IF OPEC RAISES PRICES AGAIN WE SHOULD REACT IN SOME UNSPECIFIED, FORCEFUL MANNER AGAINST IRAN AND SAUDI ARABIA. I COUNTERED WITH ARGUMENT THAT ALL OUR LEVERAGE ON THOSE COUNTRIES IS SLOW ACTING, COSTLY TO OUR POLITICAL AND SECURITY INTERESTS, AND LIKELY TO BE UNDERCUT BY THE EUROPEANS, WHILE THE LEVERAGE ON US THROUGH OIL IS QUICK ACTING AND POWERFUL. PRESIDENT AGREED. HOWEVER, WE MUST EXPECT A LOT OF SIMON POSTURING

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WHEN THE PRICES DO GO UP, AND WE WILL HAVE A POLITICAL PROBLEM ON THE HILL. INGERSOLL

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